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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 001575

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SUBJECT: TERRORISM FINANCE 2005 UPDATE NO. 2--TURKEY

REF: SECSTATE 32688

Classified By: DCM ROBERT S. DEUTSCH FOR REASONS 1.4 (B) AND (D)

¶11. (U) This cable responds to questions in paragraph 10 of reftel.

ASSETS FROZEN FORFEITED OR SEIZED

¶12. (C) Since the establishment of the UN consolidated lists of individuals/entities linked to al-Qaida (AQ), Usama bin Laden (UBL), and/or the Taliban, there have been three cases in which the GOT has frozen assets pursuant to UNSCR Resolutions 1267 and 1373. The actions were taken under administrative authority. Two of these cases (Yasin Al-Qadi and Nasreddin Holding Group) are currently being challenged in Turkey's highest administrative court. MFA officials requested more background information from the UN on these UN 1267 Committee designees to help support the GOT's case.

¶13. (C) There are significant weaknesses in Turkey's anti-terror finance regime. First, terrorism finance is not yet clearly criminalized in Turkish law and Turkey does not fully comply with international standards such as the FATF Special Eight Recommendations to Fight Terrorism Finance. Second, the GOT has the authority to identify and freeze only the assets of terrorist individuals and entities designated by the UN 1267 Sanctions Committee. The GOT has no strong legal basis for action against non-UN designated individuals or entities unless they pose a threat to the Turkish State or Turkish citizens. Finally, the tools that do exist for locating, freezing, and seizing terrorist assets are cumbersome and not particularly effective. The GOT is currently working to improve its internal legal capacity for fighting terrorism finance by redefining terrorism and amending its laws to comply with international standards.

IMPEDIMENTS TO COOPERATION

¶14. (C) There are significant impediments to more robust cooperation with the GOT on co-sponsoring designations. Though Turkey cooperates with the international community on terrorism, with the exception of Turkey-specific terrorism finance, the GOT has not made the fight against the financing of terrorism a top priority. Turkey is unlikely to proactively cooperate in designating terrorists with no specifically Turkish connection.

TRAINING AND TECHNICAL ASSISTANCE

¶15. (C) The GOT has been receptive to USG training and technical assistance in the past and continues to show a strong interest in receiving more training and assistance. The Ministry of Justice and the Turkish International Academy Against Drugs and Organized Crime (TADOC) are two government agencies in particular which have recently benefited from USG-sponsored training and have requested more. In Post's opinion, the GOT's anti-terrorist finance regime is weak and could benefit largely from more training in investigating and prosecuting financial crimes. The GOT's financial intelligence unit, the Financial Crimes Investigative Board (MASAK), could benefit from more training on effective FIU operating procedures, including analytical training.

RISKS OF TERRORIST FUNDRAISING OR BANKING

¶16. (C) The risk that terrorists would raise significant funds in Turkey is high, as is the risk of terrorists using Turkish financial institutions to keep or transfer assets. Turkish banks and foreign exchange dealers are currently used by narcotics traffickers to transfer money or to wire transfer cash. Turkish bank offices have also been used to transfer terrorist funds, such as to Chechen groups, in the past. There is also sympathy among parts of the population for the

objectives of al-Qaida and similar groups. The terrorists who attacked UK and Jewish religious targets in 2003 were Turkish nationals who received financial support from the al-Qaida network, as well as raising funding locally. The Banking Regulation and Supervision Agency (BRSA), regularly conducts bank audits and inspections and each bank has its own internal inspection team which routinely looks for suspicious transactions. Nonetheless in 2004 it was revealed that the Uzan family had embezzled billions of dollars from Imar Bank which it controlled by keeping many transactions off the official books. For the reasons mentioned above (in paragraph 2) and the fact that Turkey is a cash-based economy whose government has taken no steps to regulate or register alternative remittance networks, there is very little chance that terrorist money transiting through Turkey would be detected.

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